



# U.S.-PANAMA TRADE PROMOTION AGREEMENT

## Florida Farmers Will Benefit

September 2011

The U.S. agricultural sector has a great deal to gain from the pending U.S.-Panama Trade Promotion Agreement, known as the Panama TPA. The agreement will immediately eliminate duties on nearly 50 percent of current U.S. exports and gives U.S. exporters improved access to the Panamanian market for many products that have been highly protected. U.S. agricultural exports to Panama in 2010 exceeded \$450 million.

The Panama TPA agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of Florida's agricultural products, including fruits, vegetables, and beef. Florida's agricultural exports to all countries, estimated at \$1.5 billion in 2010, supported roughly 12,600 jobs, on and off the farm. These export sales make an important contribution to the Florida farm economy, which had total cash receipts of \$7.8 billion in 2010.

### Fruits and Fruit Products

- Panama will immediately eliminate its tariffs on nearly all fresh and processed fruits and fruit products, including oranges, grapefruit, tangerines, and their juices as well as watermelons. The 15-percent tariff on strawberries will be phased out in 10 years. The 10-percent tariffs on most dried fruits will be eliminated in 5 years, and the 15-percent tariffs on many single strength fruit juices and juice mixtures will be phased out over 5 to 15 years.

### Vegetables and Vegetable Products

- Panama's tariffs on nearly all frozen and processed vegetables, currently 15 percent, will be eliminated immediately.
- Tariffs for most fresh vegetables will be eliminated in 10-15 years, with the 15-percent tariffs on fresh lettuce, tomatoes, and broccoli eliminated in 12 years.
- Panama's tariffs for canned tomatoes, tomato powder, tomato juice, and juice mixtures containing tomatoes will be eliminated immediately. Panama will establish a 798-ton duty-free preferential TRQ for tomato paste, with the over-quota tariff of 81 percent to be phased out within 15 years. U.S. exporters will continue to have access to the global 1650-ton TRQ for tomato paste that is part of Panama's World Trade Organization (WTO) commitments. Panama has agreed to eliminate the tariff for imports under that TRQ for the period from September through February each year.
- The tariff on potato chips will be eliminated immediately and the tariffs on potato flakes and other potato preparations will be phased out in 5 to 10 years. Panama will establish a 3,640-ton, duty-free preferential TRQ for frozen precooked French fries. This will grow by 4 percent annually and the over-quota tariff will be eliminated in 5 years. Panama will also establish a 765-ton, duty-free preferential TRQ for fresh potatoes that will grow 2 percent annually.

### Sugar and Sweeteners

- Panama's tariffs on sugar and sweetener products range from zero to 144 percent.
- Panama's tariff on high-fructose corn syrup and raw cane and refined sugar will be zero immediately, while the duties on other sugar and sweetener products will be eliminated within 15 years.
- The United States will establish a 505-ton duty-free TRQ for Panama for sugar and sugar products covered by the U.S. WTO TRQ, with the quantity growing by five tons every year.
- Provisions will ensure that Panama will only ship when it is a net surplus exporter, and provisions will allow alternative forms of compensation to be established to facilitate sugar stock management by the United States.

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- The United States has also agreed to provide a 6,060-ton TRQ for raw sugar growing by 60 tons every year for 10 years and a 500-ton TRQ for specialty sugar that does not grow.
- These TRQs are also subject to the sugar compensation mechanism; however Panama does not need to be a net exporter to qualify for the raw and specialty TRQs.
- The United States will not reduce the out-of-quota duty for sugar and sugar products covered by the TRQs.

### Beef

- Panama will immediately eliminate its 30-percent duty on the products most important to the U.S. beef industry – prime and choice cuts. Panama’s tariffs on other cuts of beef will be phased out over 15 years.
- The 10-percent tariff on beef tongues and livers will be eliminated in 5 years, and the 15-percent tariff on other edible offal will be eliminated immediately.
- Panama has already implemented a December 2006 bilateral agreement with the United States on sanitary/phytosanitary measures (SPS), reopening its market to U.S. beef by bringing its import requirements related to bovine spongiform encephalopathy into compliance with international standards.
- Panama accepted the equivalence of the U.S. meat inspection system, which allows U.S. inspectors to certify beef for export to Panama without having each facility and shipment inspected by Panamanian authorities.

### Dairy Products

- U.S. exporters will have immediate duty-free access to nine preferential dairy TRQs totaling 3,986 tons. They include 2,625 tons of skim milk powder, 728 tons of cheese, 263 tons of ice cream, and 370 tons of other dairy products. These quantities will grow by 4 or 5 percent each year and the over-quota tariffs, which range from 15 percent for ice cream to 50 percent for milk powders, will be phased out in 15 to 17 years.
- U.S. dairy exporters will continue to have access to the global TRQs for 3,830 tons of milk powder and 3,782 tons of cheese that are part of Panama’s WTO commitments.
- Panama will immediately eliminate its 30-percent tariff on dried whey products. The tariffs on most other dairy products, which are currently as high as 140 percent, will be phased out over 15 years.
- Panama has already implemented a December 2006 bilateral agreement with the United States on SPS, recognizing the equivalence of the U.S. food safety systems for processed foods, including dairy products, and streamlining its product registration system for packaged foods. This will allow U.S. food processors to export dairy products to Panama without burdensome paperwork and without having each facility and shipment inspected by Panamanian authorities.

<b>Florida</b>		
<b>Principal Agricultural Products and Exports</b>		
<b>Product</b>	<b>Cash Receipts (2009 calendar year)</b>	<b>Exports (2010 fiscal year)</b>
<b>Total</b>	<b>\$7.8 billion</b>	<b>\$1.5 billion</b>
Fruits and Fruit Products	\$2.0 billion	\$603 million
Vegetables and Vegetable Products	\$1.3 billion	\$186 million
Sugar and Sweeteners	\$543 million	\$35 million
Cattle and Beef	\$502 million	\$33 million
Dairy Products	\$350 million	\$6 million
	Source: USDA-NASS	Source: USDA-ERS

*For questions about the U.S.-Panama Trade Promotion Agreement and its impact on U.S. agriculture, please contact FAS Public Affairs at (202) 720-7115 or [LPA@fas.usda.gov](mailto:LPA@fas.usda.gov).*